

EXHIBIT 55

PILLSBURY, LEVINSON & MILLS, LLP
A T T O R N E Y S A T L A W

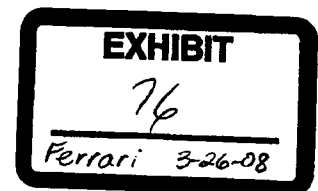
CHERYL RAE MILLS

February 16, 1998

Ernst & Young
Mr. Jerrod Myer
55 Almaden Boulevard
San Jose, California 95113

Re: Audit: Kelly-Moore Paint Company, Inc.

Ernst & Young:



We represent Kelly-Moore Paint Company in numerous legal matters. Kelly-Moore requested that we provide you with information concerning pending litigation. We will follow the same order that we address in our February 13, 1997 correspondence to your company for the 1996 audit.

1. Lorentz Superfund Site. There has not been any action on this file for some time. We are waiting for the EPA to settle out with the smaller players. Kelly-Moore's liability at the site is estimated at between \$750,000 and \$1,000,000. It's share of the clean-up costs is completely dependent on the amount the EPA recovers from the smaller PRP's and, therefore, difficult to assess with any precision. We are hoping to see this matter resolved in 1998.

2. Salmon v. Kelly-Moore: We are currently litigating a matter involving a non-employee who claims he was injured unloading a Kelly-Moore trailer. We do not believe the plaintiff will prevail. We have informed Kelly-Moore that the company should prevail nine times out of ten (over 90%). The claimed damages for past and future wages is approximately \$600,000. No figure has been given for pain & suffering. The trial should be over by February 27, 1998.

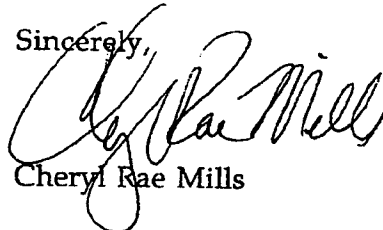
3. Miscellaneous. It is our understanding that unless a matter affects a consolidated financial statement by more than \$200,000 individually, or there are enough matters that impact more than \$200,000 in the aggregate, they need not be reported. The remaining matters that we have for Kelly-Moore Paint Company are small and we do not anticipate that any on its own, or in the aggregate, will impact the consolidated financial statement by the sum of \$200,000 or more.

Ernst & Young
February 16, 1998
Page 2

4. Statements: All billings to Kelly-Moore through December 31, 1997 have been paid in full.

If you require further information, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cheryl Rae Mills".

Cheryl Rae Mills

EXHIBIT 56

MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF
K-M INDUSTRIES HOLDING CO., INC.
HELD OCTOBER 13, 1998

REDACTED

REDACTED

EMPLOYER CONSENT

REDACTED

Amendment No. 2 to the
Kelly-Moore Paint Company
Employee Retirement Savings Plan

REDACTED

EXHIBIT 57

REDACTED

EXHIBIT 58

12/11/98 FRI 12:27 FAX 415 4 4816

PILLSBURY LEVINSON LS

001

PILLSBURY, LEVINSON & MILLS

T T O R N E Y S A T L A W

F A C S I M I L E T R A N S M I T T A L

REDACTED

12/11/98 FRI 12:27 FAX 415 4 4816

PILLSBURY LEVINSON & LS

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PILLSBURY, LEVINSON & MILLS, LLP

A T T O R N E Y S A T L A W

REDACTED

12/11/98 FRI 12:28 FAX 415 4 4816

PILLSBURY LEVINSON LS

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12/11/98 FRI 12:29 FAX 415 4 4816

PILLSBURY LEVINSON & LLP

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12/11/98 FRI 12:30 FAX 415 4: 4816

PILLSBURY LEVINSON & LLP

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REDACTED

12/11/98 FRI 12:31 FAX 415 4 4816

PILLSBURY LEVINSON & LLP

0006

REDACTED

EXHIBIT 59

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

THOMAS FERNANDEZ et al.,)
)
 Plaintiffs,)
)
 vs.) No. C 06-07339 MJJ
)
K-M INDUSTRIES HOLDING CO.,)
INC, et al.)
)
 Defendants.)
_____)

VIDEOTAPED DEPOSITION OF KENNETH A. BODENSTEIN
Los Angeles, California
Friday, April 11, 2008

Reported by:
Marceline F. Noble
CSR No. 3024
JOB No. 927672

1 MS. WASOW: Yes.

2 THE WITNESS: As I just said, concerning the
3 insurance company, no.

4 BY MS. WASOW:

11:48 5 Q Do you remember discussing anything in your
6 due diligence meetings in 1998 about pending
7 litigation against the paint company?

8 A I -- we didn't hear anything about any
9 litigation of a paint company.

11:49 10 We didn't -- in our due diligence, we didn't
11 really talk about the paint company.

12 Q Is that true for years after 1998 as well?

13 MR. PALMER: Object to the form.

14 THE WITNESS: I -- definitely through
11:49 15 2000 -- up to 2000, we -- we -- in 2000 is when -- to
16 the best of my recollection is when we first heard
17 about the asbestos litigation of the paint company.

18 BY MS. WASOW:

19 Q All right. Who did you discuss asbestos
11:49 20 litigation against the paint company with in 2000?

21 A I -- I said we didn't in 2000. We didn't
22 discuss that.

23 Q I'm sorry.

24 When did you first discuss asbestos
11:50 25 litigation against the paint company?

1 A To the -- my best recollection was 2002.

2 Q Okay. I think you testified that you first
3 heard about asbestos litigation against the company
4 in 2000; is that incorrect?

11:50 5 A That's incorrect.

6 Q Okay.

7 A I said 2002.

8 Q All right. Sorry. My mistake.

9 In 2002, how did you hear about asbestos
11:50 10 litigation against Kelly-Moore Paint?

11 A During our due diligence talk.

12 Q Okay. Who was that meeting with?

13 A Well, it was usually at the time, if
14 Ed Mines was still there, Ed Mines and Pete Cazzolla.

11:50 15 Q Do you remember hearing about asbestos
16 litigation in 2002 in a face-to-face meeting with
17 Mr. Mines and Mr. Cazzolla?

18 A Yes.

19 Q Was anyone else present at that meeting?

11:51 20 A Lisa Arias.

21 Q Okay.

22 A And again, it could be Steve Moon, if he was
23 on the team at the time or he came on in 2003.

24 Again, I don't remember when he came on the team.

11:51 25 Q Okay. Anyone else?

1 THE WITNESS: We're talking about in 2002?

2 BY MS. WASOW:

3 Q I -- I'm asking about the conversation --

4 A Yeah.

11:54 5 Q -- that you had --

6 A Right. No. No.

7 Q Okay.

8 A I don't think we got into details, but that
9 it was -- that there was -- was a problem, and I
11:54 10 think what we requested, if I'm not mistaken, that we
11 asked what the auditors of Kelly-Moore were saying.
12 That was a focus of mine, I know. That's --

13 Q Okay.

14 A We were valuing the insurance company and --
11:54 15 and -- at the time. That was our first focus. Only
16 focus was the -- the tracking stock of the -- of the
17 insurance company.

18 Q So you asked what the auditors of
19 Kelly-Moore were saying?

11:54 20 A Somewhere in 2000 on, we -- I would -- oh, I
21 know. I wanted to know what the auditors -- what the
22 statement -- what the audited statement said, what
23 the auditors were saying in their notes about the --
24 the -- the lawsuits.

11:55 25 Q I'm sorry. You were finished?

1 A Yes.

2 Q You said sometime in 2000 on. Do you mean
3 you want --

4 A You keep saying 2000 on. It's 2002.

11:55 5 Q Okay.

6 A That's the second time.

7 Q Okay. Just to explain it, it is showing up
8 on the transcript as 2000, so I'm just asking --

9 A Okay.

11:55 10 Q -- to clarify for the record.

11 A All right. I'm sorry.

12 Q So -- I'm sorry. Now I'm a little bit
13 confused.

14 Are you -- are you saying that in 2002, in
11:55 15 your discussion with Ed Mines and Pete Cazzolla, you
16 asked what the paint company's auditors were saying
17 about the asbestos litigation in 2002?

18 A I can't tell you whether it was 2002 or
19 2003. But at one point that was my focus.

11:56 20 Q So do you recall whether you talked about
21 the paint company's auditors in the meeting that you
22 were referring to in 2002?

23 A No. I -- I can't say whether it was at that
24 time, but -- once we started look at -- looking at
11:56 25 the asbestos of when we -- I say -- in terms of our

1 valuation of CIG, I know I -- I had asked, whether it
2 was Lisa or whoever was working on the assignment,
3 that what we should see is what the auditors of
4 Kelly-Moore were saying in their -- their notes in
11:56 5 the financial statements.

6 Q Okay. But you don't recall specifically
7 when you asked for those -- those audit --

8 A Exactly.

9 Q -- reports?

11:56 10 A As I sit here, I don't remember.

11 Q Okay. In the conversation that we've been
12 discussing in 2002 with Peter Cazzolla and Ed Mines,
13 what questions did you ask about Kelly-Moore's
14 asbestos liability?

11:57 15 A It wasn't -- I don't think I was doing a
16 grilling here. It came up and -- and they -- they
17 told us that there's -- there's a significant
18 litigation exposure there. And I said, I don't think
19 it was an extended conversation, and I know I
11:57 20 would -- as I sit here, reflecting back then, would
21 say, well, what does -- what does the Kelly -- are
22 they still getting an audited statement? What does
23 the statement say?

24 Q Okay. Were you provided with any
11:57 25 information in that conversation about Kelly-Moore's

1 about the valuation?

2 A Yes.

3 Q And when did you have discussions with
4 Mr. Mines about the valuation?

02:05 5 A I couldn't tell you what -- after we gave
6 him our report, I know Mr. Mines called.

7 Q What did he say when he called?

8 A That Mr. Moore wanted to talk to us.

9 Q And did you talk to Mr. Moore at that point?

02:05 10 A Yes.

11 Q Did you ask Mr. Mines why Mr. Moore wanted
12 to talk to you?

13 A Well, he wanted to talk about our
14 conclusions.

02:05 15 Q And do you remember when you talked to
16 Mr. Moore?

17 A Soon after that. I mean, I can't tell you
18 datewise.

19 Q And was that a phone conversation?

02:06 20 A Yes.

21 Q Was anyone else on the call other than you
22 and Mr. Moore?

23 A I would assume if -- again, I -- '99
24 probably Casey Sakamoto was still working on -- was

02:06 25 working here and working with me, he was part of that

1 conversation.

2 Q And what did Mr. Moore say?

3 A He wanted to know why we came up with
4 55 million.

02:06 5 Q Did he ask you why you hadn't come up with a
6 higher number?

7 A I don't think he ever said it in that way,
8 but it was a clear indication he was unsatisfied with
9 the \$55 million number.

02:06 10 Q And what did you say to Mr. Moore in
11 response?

12 A I -- I just sat -- I just led him through
13 our -- our analysis.

14 Q Um-hmm.

02:07 15 And was it your understanding that he was
16 unsatisfied with the valuation conclusion because it
17 was too low?

18 A Well, I would -- I would -- I would think
19 so, yes.

02:07 20 Q And how did he respond after you led him
21 through your analysis?

22 A I can't answer that. I mean, as far as what
23 he responded to me, he just accepted our -- my
24 conversation and I think politely said good-bye.

02:07 25 Q All right. As you were talking about it,

1 ever did speak to Mr. Cazzolla after issuing the
2 reports.

3 Q Okay. After your conversation with
4 Mr. Moore, did Mr. Mines tell you that CIG wanted to
02:10 5 cancel Duff & Phelps' valuation for June 30th, 1999?

6 A No.

7 Q After your conversation with Mr. Moore, did
8 Mr. Cazzolla tell you that CIG wanted to cancel
9 Duff & Phelps' valuation for June 30th, 1999?

02:10 10 A No.

11 Q Did you ever consider increasing your
12 valuation conclusion in nineteen ninety- -- as of
13 June 30th, 1999?

14 A As I sit here, no.

02:10 15 Q Did you -- did you feel that you were
16 already at the high end of the range of possible
17 values for CIG as of June 30th, 1999?

18 MR. PALMER: Object to the form.

19 THE WITNESS: I -- I never had to -- I mean,
02:11 20 I didn't go through that process. So I don't -- I
21 don't know what I can say from back there. That was
22 our value, we thought that was a reasonable value,
23 that was the fair value and --

24 BY MS. WASOW:

02:11 25 Q Okay.

1 then a decision where in that range we think that we
2 should value this company.

3 Q And you did decide that the concluded value
4 was at the higher end --

02:12 5 A Yes.

6 Q -- of the range; is that correct?

7 A That's correct.

8 Q Are you aware that CIG retained another
9 valuator after receiving your 6/30/99 report?

02:12 10 A No.

11 Q So you have no knowledge of
12 Columbia Financial Advisors having evaluated CIG in
13 1999?

14 A No.

02:13 15 Q You never received a copy of a valuation
16 report by Columbia Financial Advisors?

17 A No.

18 Q You were never asked to send any of your
19 working papers to Columbia --

02:13 20 A No.

21 Q -- Financial Advisors?

22 You never talked to anyone from Columbia
23 Financial Advisors about CIG?

24 A No.

02:13 25 Q Okay. How long does a valuation report

EXHIBIT 60

PILLSBURY, LEVINSON & MILLS, LLP

A T T O R N E Y S A T L A W

CHERYL RAE MILLS

February 13, 1997

Ernst & Young
55 Almaden Boulevard
San Jose, California 95113

REDACTED

CONFIDENTIAL

EY000042

EXHIBIT 61

MILLS & LARSON
ATTORNEYS AT LAW

RECEIVED
FEB 10 1999
V.P./SEC'Y

CHERYL RAE MILLS

February 8, 1999

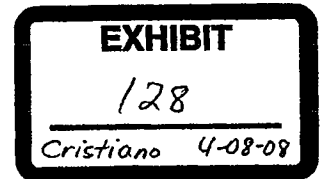
Via Facsimile (408) 947-4975 & U.S. Mail

Ernst & Young, LLP
55 Almaden Boulevard, Suite 800
San Jose, California 95113

Attention: Mr. Jerrod Myer, Audit Department

Re: *Audit: Kelly-Moore Paint Company, Inc.*

Ernst & Young:



We represent Kelly-Moore Paint Company, Inc. in numerous legal matters. Kelly-Moore requested that we provide you with information concerning the pending litigation. We will follow the same order that we addressed in our February 16, 1998 correspondence to your company for the 1997 audit.

1. Lorentz Superfund Site. There has not been any action on this file for some time. The EPA has settled out with numerous smaller players. Kelly-Moore's liability at the site is estimated at \$1,000,000. It's share of the clean-up costs is completely dependent on the amount the EPA recovers from the smaller PRP's and, therefore, difficult to assess with any precision. We are hoping to see this matter resolved in 1999.

2. Salmon v. Kelly-Moore: Kelly-Moore won this case - a defense verdict.

3. Miscellaneous. It is our understanding that unless a matter affects a consolidated financial statement by more than \$200,000 individually, or there are enough matters that impact more than \$200,000 in the aggregate, they need not be reported. The remaining matters that we have for Kelly-Moore Paint Company, Inc. are small and we do not anticipate that any

CC: Mals File


Ernst & Young
February 8, 1998
Page 2

matters on its own, or in the aggregate, will impact the consolidated financial statement by the sum of \$200,000 or more.

4. Statements: All billings to Kelly-Moore through December 31, 1998 have been paid in full.

If you require further information, please feel free to contact us.

Sincerely,



Cheryl Rae Mills

CRM/co

cc: Mr. Steven Ferrari
(via facsimile)

MILLS & LARSON
ATTORNEYS AT LAW

KMH 007207

EXHIBIT 62

4/10/97 17.5



KELLY-MOORE PAINT COMPANY, INC.

"Quality is Economy"

987 Commercial Street • P.O. Box 3016 • San Carlos, California 94070 • (415) 592-8337

April 4, 1997

Ernst & Young L.L.P.
55 Almaden Boulevard
San Jose, California 94113

REDACTED

CONFIDENTIAL

EY000044

REDACTED

REDACTED

CONFIDENTIAL

EY000046

REDACTED

REDACTED

REDACTED

CONFIDENTIAL

EY000049

EXHIBIT 63



KELLY-MOORE PAINT COMPANY, INC.

Quality is Economy

337 Commercial Street • P.O. Box 3016 • San Carlos, California 94070 • (415) 992-8337

March 27, 1998

Ernst & Young LLP
55 Almaden Boulevard
San Jose, CA 95113

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

EXHIBIT 64



KELLY-MOORE PAINT COMPANY, INC.

"Quality is Economy"

987 Commercial Street • P.O. Box 3016 • San Carlos, California 94070 • (650) 592-8337

February 12, 1999

Ernst & Young LLP
55 Almaden Boulevard
San Jose, California 95113

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

EXHIBIT 65



KELLY-MOORE PAINT COMPANY, INC.

"Quality is Economy"

987 Commercial Street • P.O. Box 3016 • San Carlos, California 94070 • (650) 592-8337

February 11, 2000

Ernst & Young LLP
1331 North California Blvd., Suite 200
Walnut Creek, California 94596

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EXHIBIT 66

CONFIDENTIAL

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KMH 000432

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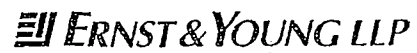
Kelly-Moore Paint Company, Inc.

Consolidated Financial Statements

Years ended December 31, 2000 and 1999

REDACTED

KMH 000433



■ 1331 North California Blvd.
Suite 200
Walnut Creek, California 94596

■ Phone: 925 977 2900
Fax: 925 977 2994

CONFIDENTIAL

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KMH 000434

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.
Consolidated Balance Sheets
(In thousands, except share data)

REDACTED

KMH 000435

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Consolidated Statements of Income
(In thousands, except share data)

REDACTED

KMH 000436

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Consolidated Statements of Shareholder's Equity
(In thousands, except share data)

REDACTED

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Consolidated Statements of Cash Flows
(In thousands)

REDACTED

KMH 000438

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements

December 31, 2000

REDACTED

KMH 000439

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED

KMH 000440

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED

KMH 000441

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED

KMH 000442

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED

KMH 000444

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED

KMH 000445

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued).

REDACTED

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Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

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CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

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CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED

CONFIDENTIAL

Kelly-Moore Paint Company, Inc.

Notes to Consolidated Financial Statements (continued)

REDACTED